

FLEXIBLE SPENDING ACCOUNT

Program Overview



PRESENTED BY



Two Types of Accounts

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Health Care FSA

- Pre-tax money for out-of-pocket medical expenses
- Expenses can be for you, your spouse or any of your tax dependents (regardless of whose health insurance the dependent is on)

Dependent Care FSA

- Reimbursement for childcare expenses
- Elder care expenses

What Is The Advantage?

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- Most employees save up to 30% on each dollar that is contributed



Example:

You would save up to \$150 on a \$500 pair of glasses

- Check out the *Tax Savings Calculator* at www.asiflex.com

Health Care FSA Program Overview



Commonly Claimed Expenses

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Glasses



Dental Work



Lab Work



X-Rays



Chiropractic Care



Prescription drugs

Reminder

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- Effective January 1, 2011, Federal healthcare legislation requires a prescription be submitted in order for over-the-counter (OTC) drugs/medications to be eligible through a FSA for reimbursement.
- Over-the-Counter Drugs/Medications
 - Does not affect supplies such as band-aids, contact lens solution, etc.
 - These items are still eligible without a prescription
 - Items that will require a prescription on and after January 1, 2011 include:

Acid controllers

Anti-diarrhea products

Baby rash ointments

Digestive aids

Laxatives

Respiratory treatments

Allergy & Sinus meds

Anti-gas products

Cold sore remedies

Feminine anti fungal items

Motion sickness

Sleep aids & sedatives

Anti-itch products

Cough, cold & flu products

Pain relief

Stomach ailment remedies

How Much To Set Aside

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- Minimum election amount \$50
- Maximum election up to \$4,000 per plan year per participant
 - If your spouse works for the State of Delaware, you may each set aside up to \$4,000
- Elected amount deducted over 26 pay periods
- Full elected amount is available to you January 1
- The Grace Period provides extra time to spend money not yet used. The Grace Period for the 2011 plan year extends your period of coverage through 3/15/2012
 - For example: services provided **1/1/2012 – 3/15/2012** can be used to claim 2011 plan year funds.
 - The grace period for the 2012 plan year will be from 1/1/2013 – 3/15/2013
- Please be aware that unused funds are forfeited to the State, per IRS regulations

Easy Reimbursement

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- ASIFlex can issue direct deposits to a checking or savings account
- You can receive an email letting you know when a reimbursement has been processed
- Optional **FSA debit card** (Benny Card) to pay for eligible health care expenses.

FSA Debit Card

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FSA Debit Card

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- The debit card (Benny Card) is **optional** for HC FSA participants
- There is a \$12 convenience fee for the card that will be deducted from your 2012 FSA election
- A few things to remember:
 - Use of the card does not necessarily eliminate all paperwork (see following slides for more information)
 - You can request a card online during open enrollment or you can complete the application that comes with your Confirmation of Enrollment packet
 - If you have a Benny Card for the 2011 plan year, you can select to fund the card for 2012 during the online enrollment process
 - Your 2012 funds will be placed on your current card(s) on January 1, 2012

FSA Debit Card

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- Card use is restricted to:
 - Known health care providers with correct Merchant Category Code (MCC)
 - Includes hospitals, health clinics, etc.
 - Retail outlets, such as grocery stores and pharmacies, that have implemented Inventory Information Approval System (IIAS)
- The Benny Card will be declined at pharmacies that do not have IIAS or have not certified that 90% of items sold are FSA-eligible
- Cannot use the Benny Card to pay for OTC meds/drugs that require a prescription
 - You will need to submit a reimbursement request along with the cash register receipt and prescription

What Is IIAS?

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- Point-of-Sale System that segregates items and only pays for eligible expenses
 - For example, if you go to any store with this system and swipe your card for a six pack of soda and a prescription, it will pay for prescription and ask for separate payment for the soda
 - **These transactions should never prompt a request for you to substantiate this type of purchase**
- All major chains have implemented IIAS
 - Walgreens, Target, Rite Aid, Walmart/Sam's, etc.
 - Complete list available at www.asiflex.com/debitcards

FSA Debit Card

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- Transactions are electronically substantiated when they:
 - Exactly match a co-payment, or any combination of co-payments, up to five times the highest for the health plan you are enrolled in through the State;
 - Are recurring expenses for the exact same dollar amount at the same merchant and are substantiated once via paper claim; or
 - Take place at a store with IIAS.

All other transactions will prompt you to substantiate the transaction and provide follow up documentation. Failure to provide substantiating documentation in a timely fashion will result in your Benny Card being suspended and could result in collection activities to recoup unsubstantiated dollars.

Dependent Care FSA Overview



Dependent Care FSA

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- Provides a tax break on child/elder care expenses incurred while:

- Or
 - You go to work (if you are a single parent)
- Or
 - You and your spouse go to work
 - You go to work and your spouse:
 - Looks for work; or
 - Pursues an educational opportunity full-time

- Other expenses are not eligible

For example, getting a babysitter for a Friday night date is not an eligible expense

Eligible Dependents

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- Children under the age of 13*
- Older dependents unable to care for themselves
 - Who live in your home at least 8 hours per day
 - Must meet IRS income guideline

**Employee must be custodial parent with over 50% custody, if divorced*

Eligible Expenses

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- Day care services
- General purpose day camps
- Pre-school



Ineligible Expenses Include

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- Costs of food and transportation if itemized
- Activity fees
- Educational expenses
 - Includes private schools
- Overnight camps
- Payments to your spouse or any other dependent
- Payments to your child under 19, even if he/she is not your dependent

Deduction Amount

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Family maximum of \$5,000/year

- This is an IRS maximum **per household**
- If you are married and do not file a joint tax return, you cannot deduct more than \$2,500 per year

Receiving Payment

- Deposit directly into your bank account or have a check mailed to your home
- Receive notice of deposit via e-mail

Important Points To Remember

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Regarding both HC and DC FSA

- Employees who wish to continue in either program must enroll every year, even if they want to elect the same amounts
- Unused funds will go back to your employer to pay for administrative costs
- Use it or lose it
- Start small if you are unsure of how much you will actually spend
- Keeping track of your account is very easy
- The FSA grace period (2 ½ month extended period of coverage) reduces the chance of forfeitures
- If you go on unpaid leave at some point during the year, you must speak with your HR representative to see how your FSA will be affected and submit the unpaid leave of absence election form

Employees may enroll:

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- During Annual Open Enrollment
 - Online enrollment available for benefit-eligible employees via ASIFlex's website, <https://secure.asiflex.com>, employer code DE
 - **All enrollment must be completed by 11/21/2011**
- During a Qualifying Status Change you may enroll or make changes to your current election
 - When there has been a change in marital status;
 - When there has been a death, birth, or adoption; or
 - When an employee takes FMLA.

(more opportunities listed in the Summary Plan Description online)

What Happens If I Terminate Employment Or Retire Mid-Year?

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- Active employees enrolled in FSA will have their participation terminated effective the date of termination/retirement or the date of their last check with a deduction for FSA.
- Per IRS Section 125 Tax Code, participation in the FSA can only be through compensation, therefore, FSA cannot be continued in retirement via a pension deduction.
- A COBRA notice will be provided to you if the balance in your health care FSA at the time of termination/retirement is greater than your year-to-date contributions.
- If eligible, electing COBRA is your only opportunity to continue participating in FSA for the plan year through direct after-tax contributions.

For more detailed information:

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Please read the 2012 Guide To Your FSA
Benefits located on the
[Statewide Benefits website.](#)

Resources

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Web www.asiflex.com

Email asi@asiflex.com

Call 1-800-659-3035